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Turkey

Sugar

Semi Annual

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Report Highlights:

In MY 2003, Turkey is expected to produce approximately 2,336,000 MT of centrifugal sugar. Weather conditions were well suited for sugar beet production. Turkey's production quota for corn-based sweetener was increased by 50 percent to 351,150 MT for MY 2003. According to the corn-based sweetener producers, about 450,000 MT of sweetener were sold on the domestic market in MY 2002 (Sep. 2001-Aug. 2002). Sugar exports have continued to decline over the past three years as subsidies and supplies have fallen.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Ankara [TU1], TU

The Turkish sugar industry continues to undergo major changes as a result of the Sugar Law which was adopted in April 2001.

In March 2002, for the first time in Turkey the Sugar Board announced sugar and corn-based sweetener production quotas. According to the Board's decision, Turkey should produce 2,360,000 MT of sugar in MY 2003 (September 2002-August 2003). Of this total, 2,149,000 MT (2,336,000 MT raw value) will be centrifugal sugar. The quota for corn-based sweetener production is 234,100 MT. The Council of Ministers recently raised corn-based sweetener quota by 50 percent by decree to 351,150 MT at the request of producers. Producers noted that the industry is only able to utilize a small proportion of its total capacity. All beet-sugar production is allocated to the Turkish Sugar Corporation (TSC) and PANKOBIRLIK. TSC will produce 1,675,000 MT (1,821,000 MT raw value) and PANKOBIRLIK will produce 474,000 MT (515,000 MT raw value) of centrifugal sugar.

The quota allocations pleased neither beet nor starch-based sweetener producers. Beet sugar producers will only receive the announced procurement price for their beets if they do not exceed their assigned production quotas. Any excess production must be exported and cannot be sold domestically. Payment for exported sugar will be based on world market prices, which are considerably less than domestic prices. The TSC will not procure any beets which exceed a farmer's quota by 25 percent. On the other hand, if a farmer produces a significantly lower quantity than he is assigned, his quota will be reduced for the following year.

Corn starch-based sweetener producers are also unhappy because the announced quota would force them to operate at 39 percent of capacity. Total capacity in this industry is currently 900,000 MT.

Weather conditions were very good for sugar beet production this past Spring. Area planted and harvested, as well as sugar beet production for MY 2003 were all revised slightly downward according to industry sources. The beet sugar production estimate, however, remained unchanged.

Beginning MY 2003, the Government of Turkey (GOT) will not announce a procurement price for sugar beets. Instead, TSC and PANKOBIRLIK will announce procurement prices independently. PANKOBIRLIK and TSC can set different prices for the first time. Neither TSC nor PANKOBIRLIK have announced procurement prices for sugar beets this year, even though the harvest has started. The procurement price for sugar beets is expected to be announced in October or November at about TL 70,000 per kilogram.

In MY 2003, advance payments (primarily in kind payments for seeds, fertilizer, etc.) totaled TL 275 trillion for the TSC and were totaled TL 85 trillion for PANKOBIRLIK. Since TSC is expected to procure about 12.8 MMT and PANKOBIRLIK to procure about 3.9 MMT of sugar beets, the remaining payments (about TL 620 trillion for the TSC and TL 190 trillion for PANKOBIRLIK) will be made to farmers through April 2003. Early beet yield estimates are approximately 44,000 kilogram per hectare and sugar yield is about 14 percent. Last year, due to the dry spring and summer months, these yields were 35,204 kilogram and 16.51 percent, respectively.

PS&D consumption for centrifugal sugar for MY 2001, MY 2002 and MY 2003 all were revised

downward according to industry sources due to increased corn-based sweetener consumption and the economic crisis which somewhat reduced dessert and patisserie consumption in Turkey.

Similar to beet procurement prices, TSC and PANKOBIRLIK will set ex-factory prices for sugar separately in accordance with their production costs, starting from MY 2003. The following table summarizes the changes in ex-factory prices, which were announced by the TSC and also used by PANKOBIRLIK plants, [TL per kilogram, value-added tax (VAT) included] since our last Annual Sugar Report (TU2017) dated April 16, 2002.

Type of Sugar	Dec. 28, 2001	May 31, 2002	June 28, 2002	Aug. 7, 2002
Crystal Sugar:				
- In 50 kilogram bags	1,011,636	1,052,136	1,094,256	1,181,844
Cube Sugar:				
- In 50 kilogram bags	1,098,792	1,142,748	1,199,286	1,283,580
- In 1 kilogram box (25 boxes)	1,161,540	1,208,034	1,256,364	1,356,912

(As of 9/30/02, USD 1.00 is approximately TL 1,660,000 compared to TL 1,300,000 on 4/15/02)

Retail prices are determined by market forces. The Confederation of Grocers and Supermarkets (a retailers' association), which used to suggest sugar selling prices to their members, no longer does so as a somewhat freer market now exists.

According to official data which is available through March 2002, Turkey exported 379,000 MT (raw value) of sugar during the first six months of MY 2002. Leading markets are in neighboring countries. Exports are forecast to again decline in MY 2003 due to reduced total supply, even though expected production in MY 2003 is larger than it was in MY 2002, which was extremely low due to the weather conditions during the growing season.

Official stock data are not available. PS&D estimates are based on information received from both public and private sources. TSC carry over stocks were estimated to fall to a much lower level for emergency purposes compared to the previous years and PANKOBIRLIK eliminated all of its stocks.

The 2002 tariff is 110.4 percent on the CIF value on sugar imports from the EU countries and 138 percent from all other origins.

Statistical Tables

PS&D Table for Sugar Beets

PSD Table						
Country	Turkey					
Commodity	Sugar Beets				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		09/2000		09/2001		09/2002
Area Planted	450	450	359	359	410	379
Area Harvested	440	440	357	357	405	378
Production	18758	18758	12551	12551	17300	16700
TOTAL SUPPLY	18758	18758	12551	12551	17300	16700
Utilization for Sugar	18758	18758	12551	12551	17300	16700
utilization for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	18758	18758	12551	12551	17300	16700

PS&D Table for Centrifugal Sugar

PSD Table						
Country	Turkey					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		09/2000		09/2001		09/2002
Beginning Stocks	783	783	765	865	261	262
Beet Sugar Production	2756	2756	1796	1796	2336	2336
Cane Sugar Production	0	0	0	0	0	0
TOTAL Sugar Production	2756	2756	1796	1796	2336	2336
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	2	2	0	1	0	0
TOTAL Imports	2	2	0	1	0	0
TOTAL SUPPLY	3541	3541	2561	2662	2597	2598
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	826	826	350	550	100	350
TOTAL EXPORTS	826	826	350	550	100	350
Human Dom. Consumption	1950	1850	1950	1850	2150	1900
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	1950	1850	1950	1850	2150	1900
Ending Stocks	765	865	261	262	347	348
TOTAL DISTRIBUTION	3541	3541	2561	2662	2597	2598

Export Trade Matrix

Export Trade Matrix			
Country	Turkey		
Commodity	Centrifugal Sugar		
Time period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2001	Sep. - March	2002
U.S.	15	U.S.	20
Others		Others	
Georgia	191783	Georgia	70331
Syria	150626	Azerbaijan	63738
Iran	90467	Syria	20544
Azerbaijan	90288	Iran	20024
Afghanistan	20901	Afghanistan	15303
Egypt	17452	Northern Cyprus	4315
Bangladesh	14946	Turkmenistan	1696
United Arab Em.	9526	Croatia	1304
Greece	8209	United Arab Em.	1087
Northern Cyprus	7268	Egypt	1027
Total for Others	601466		199369
Others not Listed	224404		179669
Grand Total	825885		379058

Import Trade Matrix

Import Trade Matrix			
Country	Turkey		
Commodity	Centrifugal Sugar		
Time period	Sep. - Aug.	Units:	Metric Tons
Imports for:	2001	Sep. - March	2002
U.S.	10	U.S.	6
Others		Others	
United Kingdom	451	United Kingdom	409
France	91	France	45
Italy	44	Italy	40
Spain	9	Germany	31
Germany	4	Spain	9
Total for Others	599		534
Others not Listed	1853		129
Grand Total	2462		669